

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1063 - HB 842

March 20, 2013

SUMMARY OF BILL: Requires the same retirement benefits for state security personnel as those received by state public safety officers. State public safety officers include state police officers, wildlife officers, and commissioned officers of the Alcoholic Beverage Commission. State security personnel include campus police officers and capitol police.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$393,700

Other Fiscal Impact – The total additional lump sum pension liability to the TCRS is estimated to be \$4,013,300.

Assumptions:

- TCRS provides retirement benefits for retired state employees, retired teachers, and retired local government employees.
- Based upon information provided by TCRS, this bill will increase the lump sum pension liability of TCRS by approximately \$4,013,300.
- TCRS typically utilizes a 20-year horizon, pursuant to Tenn. Code Ann. §3-9-103(b), and a 7.5 percent interest rate, pursuant to Tenn. Code Ann. §8-34-5-505, when estimating annual amortized payments of pension benefits. The estimated annual amortized payment derived from these assumptions is used when TCRS cannot reasonably determine the specific members impacted by the proposed legislation.
- It is assumed that approximately 277 university police officers and 50 other individuals will become eligible for the increased benefits proposed by this bill.
- The average salary of those impacted is assumed to be \$35,000.
- According to the TCRS, the average annual increase in annual cost to the state is 3.44 percent of the individual's salary. Therefore, the recurring increase in state expenditures is estimated to be \$393,708 $[(277 + 50) \times \$35,000 \times 3.44\%]$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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